

YOUR REF:

OUR REF:

ENQUIRIES:

PHONE: 6069

## CORPORATE AFFAIRS OFFICE

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27th February, 1987

~~Dear Attorney-General,~~

The Ministerial Advisory Committee on Co-operation (MACC) has completed the review of the co-operative sector in Victoria.

The review focussed on the need for appropriate legislation and policy development relevant to the co-operative movement in general. Following broad consultation, the MACC Committee published and circulated its Report, "The Co-operative Way: Victoria's Third Sector", which has elicited widespread support.

The attached Brief sets out a programme designated to rejuvenate the philosophy and practice of co-operation and has two elements - an Immediate Actions programme proposed for 1987-88 and a Short Term Actions programme for the following three years.

The Committee believes the proposals are essential and practical and, with your support, are capable of early implementation.

The Committee requests a meeting with you in order to discuss and highlight the main elements of the Brief.

Yours faithfully,



BARRY PULLEN,  
CHAIRMAN,  
MINISTERIAL ADVISORY COMMITTEE ON CO-OPERATION.

Att.



VICTORIA 150  
GROWING TOGETHER 1984-5  
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BRIEF

FOR

THE HON J.H. KENNAN M.L.C.

ATTORNEY GENERAL

FROM

MINISTERIAL ADVISORY COMMITTEE ON CO-OPERATION

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THE MINISTERIAL ADVISORY COMMITTEE ON CO-OPERATION

ESTABLISHED

IN 1984 TO ADVISE THE VICTORIAN GOVERNMENT ON APPROPRIATE POLICIES AND LEGISLATION FOR THE CO-OPERATIVE SECTOR IN VICTORIA; PUBLISHED ITS FINDINGS AND RECOMMENDATIONS IN THE

REPORT

ENTITLED 'THE CO-OPERATIVE WAY, VICTORIA'S THIRD SECTOR' WHICH WAS WIDELY CIRCULATED TO CABINET, GOVERNMENT MINISTERS AND DEPARTMENTS, CO-OPERATIVES AND CO-OPERATIVE ORGANISATIONS IN VICTORIA, INTERSTATE AND OVERSEAS, COMMUNITY LEADERS AND INTERESTED PARTIES AND WHICH PRODUCED EXPRESSIONS OF SUPPORTIVE RESPONSE (SEE OVERLEAF),

SEEKS

ENDORSEMENT AND ACTION BY THE VICTORIAN GOVERNMENT FOR RESTRUCTURED ADMINISTRATION OF THE CO-OPERATIVE SECTOR TO ENABLE THE RECOMMENDATIONS TO BE IMPLEMENTED ALONG THE FOLLOWING

PRIORITY PROGRAMME

IMMEDIATE	1987-88
SHORT TERM	1988-91

COSTS

IMMEDIATE ACTION PROGRAMME 1987-88

. BUDGET ITEMS THROUGH OFFICE OF CO-OPERATIVES	\$431,000
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. BUDGET ITEMS THROUGH ANTI-POVERTY PROGRAM	\$262,000
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SHORT TERM ACTION PROGRAMME 1988-91

. BUDGET ITEMS THROUGH OFFICE OF CO-OPERATIVES	\$3,145,000
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. BUDGET ITEMS THROUGH ANTI-POVERTY PROGRAM	\$147,000
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(PLUS FOOD RESOURCE CENTRE COSTS)

RESPONSE TO THE MACC REPORT "THE CO-OPERATIVE WAY: VICTORIA'S THIRD SECTOR"

1. A TOTAL OF 145 SUBMISSIONS WERE RECEIVED, following wide circulation of the Report. Responses come from co-operatives, co-operative organisations, individual co-operators, community groups, politicians, bureaucrats and government agencies and from individuals.

2. SUPPORT and OPPOSITION

- 2.1 All responses

General and specific support represented 79% of all responses.

Overall support for the Report and its Recommendations was strong with 66% of responses in favour of the general thrust. A further 13% represented support for specific item(s) among the Recommendations.

General and specific opposition came from 11% of responses, general opposition at 5% and specific item(s) opposition at 6%.

10% of all responses failed to express a view one way or another.

- 2.2 Co-operative responses

71% supported the general thrust and Recommendations with a further 14% supporting specific items, giving a total of 85%.

8% were opposed to the general tone and a further 6% objected to specific item(s).

3. OPPOSING POSITIONS

- 3.1 Opposition from co-operatives (5 number) was based on several factors: failure to consult, the perceived practicality of implementation, excessive government intervention, implications for co-operative companies if "co-operative" is defined as proposed and a view that some Recommendations are premature.

- 3.2 Opposition from other sources (3 number) criticized the philosophy proposed, the "welfare" connotations and the inability of credit co-operatives to act as major financier to the movement.

#### 4. KEY RECOMMENDATIONS SUPPORT

		NO. RESPONSE MENTIONS	SUPPORT	OPPOSE
4.1	Government Role	47	90%	10%
4.2	New legislation, incorporating the International Co-operative Principles	45	98%	2%
4.3	Victorian Co-operatives Council and sector structure	38	87%	13%
4.4	Greater flexibility re. incorporation, review of Registrar's discretions etc	18	100%	-
4.5	Need for publicity and promotion	19	100%	-
4.6	Support for Education and Training proposals	38	97	3%
4.7	Support for Food Co-operative Funding	14	93%	7%

#### 5. FURTHER CONSULTATION REGARDING NEGATIVE RESPONSES

- 5.1 Department of Management and Budget officers met MACC representatives to discuss issues raised in the Department's reply. While the meeting was not conclusive, a number of concerns were discussed and clarified. Further discussions will be held as required.

It is recommended that the Victorian Co-operative Council, once established, and D.M.B. establish a working party to address the long-term financing of co-operative development.

- 5.2 The Victorian Trades Hall Council expressed concern regarding central trade union matters such as award wages and conditions. The Committee recognises the crucial importance of establishing a firm basis of understanding between the trade union movement and co-operatives, particularly worker co-operatives, and recommends that the Victorian Co-operatives Council, when constituted, give high priority to discussing these issues with the Victorian Trades Hall Council, drawing on the successful experiences of overseas countries where trade unions and co-operatives have developed an accord.
- 5.3 The Victorian Credit Co-operative Association has raised several queries but supports the overall direction of the Report. Some Association members were concerned that the Government could intervene to force a wholesaling financier role on the credit co-operative movement. This is not intended and the situation should be remedied by the Association's clarification with member co-operatives.
- 5.4 The Co-operative Federation Victoria has expressed a number of reservations. The Federation suggests that initial resource emphasis should be directed towards a co-operative-awareness program for the community and in servicing the existing training needs of co-operative boards, committees of management, directors and officers. The Federation maintains a strong view that co-operatives are independent organisations and that matters of organisational restructure are desirable, but must reflect real needs.

But considering that many of the differences raised are matters of emphasis and given the necessity to act now to allow for budget planning, it is considered that the matters raised should not preclude the development and implementation of the IMMEDIATE ACTION Programme which follows. There is agreement from the Federation on the need for revamped legislation.

## 6. OUTCOMES OF THE MACC RECOMMENDATIONS - AS PUBLISHED

- 6.1 Despite the minor degree of opposition to the Report's direction in some areas, and the matters set out in 5. above, the MACC Committee is of the firm view that more than adequate support has been demonstrated for the broad directions of the Report and its Recommendations.

- 6.2 The outcomes now proposed for immediate action will provide an appropriate framework to stimulate co-operative development via new legislation, a representative structure, an end to current practices which discriminate against co-operative participation, an expanded co-operative education and training base and a publicity and promotion capability.
- 6.3 The co-operative philosophy is significantly reflected in the Government's Economic and Social Justice Strategies. The key elements of equity, access, basic rights and increased opportunities for participation have their counterparts in the International Co-operative Principles.
- 6.4 The economic and social outcome of a revitalized co-operative sector are of a significance to suggest that a position of positive Government discrimination in favour of co-operatives should be carefully considered. At the very least, co-operatives should be permitted to operate on a basis of equality with other institutions.



IMMEDIATE ACTIONS - SUMMARY

1. Government support for co-operative development by establishment of a Ministerial Portfolio for Co-operatives.  
MACC Report Recommendations  
1 and 15a
2. Restructure the present Registry of Co-operatives into an Office of Co-operatives with its own Research and Development Section.  
MACC Report Recommendation  
15b
3. Establishment of a Victorian Co-operatives Council.  
MACC Report Recommendation  
20
4. Commence drafting of new legislation for co-operatives.  
MACC Report Recommendation  
24
5. Remove discriminatory barriers to co-operatives' participation from legislation, regulations, Government policy and program guidelines.  
MACC Report Recommendation 6
6. The continuation and expansion of existing co-operative education and training initiatives.  
MACC Report Recommendation  
40
7. Implement previous funding commitment to worker co-operative education and training development.
8. Implement previous funding commitment to food co-operative development.  
MACC Report Recommendation  
60

IMMEDIATE ACTION

1. GOVERNMENT SUPPORT FOR CO-OPERATIVE DEVELOPMENT BY ESTABLISHMENT OF A MINISTERIAL PORTFOLIO FOR CO-OPERATIVES.

Ministerial Advisory Committee on Co-operation

- 1.1 welcomes the recent Government action to rationalise Co-operative administration by the Premier's Administration of Acts Order dated 11th Nov. 1986.
- 1.2 welcomes Government acknowledgement of significant existing and potential social and economic role for Co-operatives in its Economic Strategy and Social Justice Strategy Statements.
- 1.3 acknowledges Government commitment to the funding and development of a range of Co-operatives in ten portfolios
  - . Labour
  - . Housing
  - . Health
  - . Education
  - . Community Services
  - . Attorney General
  - . Arts
  - . Sport & Recreation
  - . Consumer Affairs
  - . Planning and Environment
- 1.4 submits that a section of Victorian business and social activities involving 20% of the State's community with asset base (at 1984 figures of \$2.2 billion, vide Appendix 2) and a developing interest from youth and industrial workers in the potential of this philosophy applied to business merits the greatest attention by an avowedly concerned Government.

1.5 is concerned

that a potentially strong Co-operative Sector in Victoria suffers a major weakness through lack of public identity and Government subjection to fragmentation and non recognition, e.g.

No identifiable Co-operative Section or Department

No direct Co-operative Registry telephone access

No Co-operative Registry letterhead

No Co-operative Research & Development section

No Co-operative promotion section

1.6 advises that

in New South Wales, overseas in Canada, in Europe and areas where Co-operatives are performing their rightful role and function in business and the community as self help operations, the Government role is seen as one of support and developmental assistance through recognition by allocation of a Ministerial Portfolio to this balancing sector of the economy between the Public and Private sectors.

1.7 brings to notice

United Nations Organisation General Assembly Resolution 36/18 of 9th November 1981 inviting all concerned "to make further efforts to promote the Co-operative Movement as an effective instrument for the well being of the population",

the 27th Congress of the International Co-operative Alliance, considering Co-operatives in the year 2000, resolved to request the United Nations (and its member Governments) to ... bring about a more participatory society and a fairer distribution of the fruits of development and, at the same time, create more favourable conditions for sustained Co-operative development,

the 1985 OECD Report "CREATING JOBS AT THE LOCAL LEVEL", which notes that small enterprises under Employment Initiative Schemes hold the potential for employing significant numbers of people. For example, during the 1978-1983 period, the number

employed in worker co-operatives has nearly doubled in the European Economic Community from 290,000 to 540,000 and the number of co-operatives has grown from 6,500 to 13,900.

1.8 REQUESTS

that with an increasing community interest in Co-operatives as a way of life and business structure e.g. conversion of privately owned business to employee ownership, a single identifiable Minister with responsibility for administration and overall direction of a total and integrated Co-operative sector is considered to be in the best interests of Government, Co-operatives and the community.

Such a Ministerial portfolio could be combined with another interested Minister's responsibilities.

## IMMEDIATE ACTION

2. RESTRUCTURE THE PRESENT REGISTRY OF CO-OPERATIVES INTO AN OFFICE OF CO-OPERATIVES WITH ITS OWN RESEARCH AND DEVELOPMENT SECTION
- 2.1 It is recommended that an urgent evaluation of all duties performed by the present Registry of Co-operatives be undertaken with the object of redeployment and revised functions to meet the needs of a developing integrated co-operative sector.

## REQUEST

- 2.2 It is recommended the revised office be called the Office of Co-operatives, that the present title of Registrar be replaced with that of Director of Co-operatives. The Office should have co-operative letterhead and telephone listing.
- 2.3 It is recommended that in addition to its regulatory role, the Office of Co-operatives would have its own Co-operative Research and Development Section to work with and for co-operatives and the community as a reference and assistance centre for new and existing co-operative development.

It would also provide on-going secretariat assistance for the Victorian Co-operatives Council.

- 2.4 Research and Development Section staffing.

It is proposed that the Section consist of five (5) positions, representing skills in areas of co-operatives, finance, education and training, business management and community development.

The Section's primary role would be to implement the MACC Recommendations specifically relating to the restructure of the co-operative sector, in particular, development of sector associations and the Co-operative Education and Training Authority in conjunction with the Victorian Co-operatives Council.

## COSTS

- 2.5 Cost of five (5) positions  
including on-costs \$250,000

## IMMEDIATE ACTION

### 3. ESTABLISH A VICTORIAN CO-OPERATIVES COUNCIL

- 3.1 There is an urgent need for a representative consultative mechanism to facilitate the relationship between the co-operative movement as a whole and the Government.
- 3.2 Currently, the Co-operation Act provides for a Co-operative Societies Advisory Council to advise the Minister responsible on some aspects of co-operatives. It is not a representative body. Its main function over the years appears to have been in authorising Government guarantees to community co-operatives.

## REQUEST

- 3.3 It is recommended such consultative mechanism be called the Victorian Co-operatives Council and have as its functions:
- (a) Advising Government on the promotion and co-ordination of co-operative development in Victoria.
  - (b) Develop strategies for long term development of the co-operative sector.
  - (c) Advise Government on impact of its legislation regulations policies and programmes on co-operatives.
  - (d) Other advisory and co-ordinating functions as directed by the Minister.
- 3.4 In the short term, the Victorian Co-operatives Council will advise and facilitate the immediate and short term recommendations contained herein.

- 3.5 It is proposed the membership the Victorian Co-operative Council should comprise

Government representatives including	
Director of Co-operatives	3
Persons appointed by Minister with relevant	
qualifications or expertise in the	
area of Co-operatives	2
Persons nominated by relevant Federations	
Associations or Co-operatives	<u>10</u>
	<u>15</u>

#### COSTS

- 3.6 The present membership of five of the Co-operative Societies Advisory Council includes three non government; for each of which the current annual fee is \$1,621. Secretarial Services are a charge to the Registry.
- With a possible 12 non government members of a new V.C.C., at \$1,621 per annum, plus one secretarial/administrative officer (ADM5 minimum at \$30,000) the personnel costs would be \$50,000
- To this could be added
- |                      |                 |
|----------------------|-----------------|
| Travelling Expenses  |                 |
| Administrative Costs | <u>25,000</u>   |
| TOTAL                | <u>\$75,000</u> |

#### IMMEDIATE ACTION

#### 4. DRAFT NEW LEGISLATION FOR CO-OPERATIVES

- 4.1 The need for new co-operative legislation highlighted in the MACC Report is strongly supported by 98% of submissions received which commented on legislation. It is manifestly apparent that suitable legislation is essential to provide a clear and distinct identity for the co-operative sector.
- 4.2 While it is not proposed that Co-operative Companies formed before 1953, who elected not to transfer to the Co-operation Act, should now be required to so transfer, it is recommended that action be taken to amend the definition of 'Co-operative Company' in the Companies (Victoria) Code to bring it more into line with the proposed definition of 'Co-operative' in the new co-operative legislation.

#### REQUEST

- 4.3 A drafting committee comprising three (3) experienced co-operators and two (2) Government representatives should be convened forthwith by the Attorney-General, to prepare new co-operative legislation to include the matters raised in the MACC Report and submissions thereon.

COSTS NIL



## IMMEDIATE ACTION

5. REMOVE DISCRIMINATORY BARRIERS TO CO-OPERATIVES' PARTICIPATION FROM LEGISLATION, REGULATIONS, GOVERNMENT POLICY AND PROGRAM GUIDELINES.
- 5.1 The distinction of co-operatives from traditional forms of corporate and social entities, and their fragmented organisation has resulted, often inadvertently, in their being excluded from some Government facilities.
- 5.2 More detailed study is still required to obtain the overall situation but some examples noted for early corrective action are
  - (a) Small Business Development Corporation Act definition of "business" precludes assistance to co-operatives.
  - (b) Members of Community Settlement Co-operatives are not eligible for grants under the Federal First Home Owners Scheme.
  - (c) Rural land use policy discriminates against multiple occupancy of Community Settlement Co-operatives.
  - (d) Land Tax anomaly discriminates against Common Equity Rental Co-operatives (CERCs) and Community Settlement Co-operatives.
  - (e) CERCs are also required to pay Stamp and Gift Duty, while Community Settlement Co-operatives are exempted from Stamp Duty.
  - (f) Proposed application of the Credit Act to Credit Co-operatives.
  - (g) Government regulation and policy which prevents Government funds available to community and co-operative groups from being deposited with credit co-operatives.

## REQUEST

- 5.3
  - (a) That the Victorian Co-operatives Council Secretariat maintain a watching brief on Government policy and legislative proposals.
  - (b) That remedial action be taken where discrimination exists or is proposed.

- (c) That contact be established with the Legislative Review Committee of the Department of Industry Technology and Resources in all areas where co-operatives are involved.

#### COSTS

- 5.4 (a) CERC exemptions as per 5.2 (d) and (e) above would result in a revenue loss of \$95,000 for financial year 1987-88.
- (b) A comprehensive figure for Land Tax exemption revenue loss for Community Settlement Co-operatives is not available, however, some non-profit Settlement Co-operatives have a Land Tax Assessment of \$3,000.
- (c) Removal of policy and program discrimination would be a nil cost in most cases.

## IMMEDIATE ACTION

### 6. THE CONTINUATION AND EXPANSION OF EXISTING CO-OPERATIVE EDUCATION AND TRAINING INITIATIVES.

- 6.1 In recognition of its importance one of M.A.C.C.'s first tasks was to commission a professional study of co-operative education and training. The report concluded that co-operative education and training was minimal in Victoria and a series of recommendations were made which M.A.C.C. endorsed. One major thrust was that the co-operative movement should use existing education providers wherever possible rather than incur the costs of duplication. In order to facilitate this the report recommended the establishment of a relatively inexpensive structure which would enable co-operatives to make use of existing facilities i.e. The Co-operative Education and Training Authority (C.E.T.A.) and sector education and training committees.
- 6.2 Whereas the establishment of the co-operative education and training structure including C.E.T.A., will be one of the short term tasks of the V.C.C. and therefore must follow the establishment of the V.C.C., there are a number of existing initiatives which are consistent with the establishment of such a structure which M.A.C.C. wishes to see continue and expand. Not to support (and take advantage) of existing initiatives and to allow them to lapse would result in a costly loss in development time and money.

## REQUEST

- 6.3.1 That the existing initiatives being undertaken by Preston TAFE Small Business Centre in worker co-operative education and training continue to be financially supported.
- 6.3.2 Development of an education and training package to assist the conversion of existing businesses to worker co-operatives.
- 6.3.3 Fund the appointment of a co-operative education and training officer located at Preston TAFE:
- a. To facilitate the establishment of a nucleus of people committed to researching, developing and introducing co-operative education curriculum into schools.

- b. To facilitate discussion in the tertiary education system around the research, development and introduction of short and award courses suitable for co-operatives in different sectors.
- c. To research and develop a short introductory course on co-operatives suitable to be used as an introduction to the co-operative sector as a whole.
- d. To investigate and report on the options for the establishment of a co-operative library facility.
- e. To assist the Office of Co-operatives and the VCC in the establishment of the Co-operative Education and Training Authority.

#### COSTS

6.4 To be provided from the Office of Co-operatives and managed by Preston TAFE.

6.4.1 Continue current initiatives for worker co-operative training at Preston TAFE.

Education and Training Committee	\$3500
Counselling and Education Programs for Worker Co-operatives	<u>\$35000</u>
	\$38500

6.4.2 Develop package to facilitate existing business conversions to worker co-operatives	<u>          </u> \$30000
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6.4.3 Fund the appointment of a co-operative education and training officer at Preston TAFE	
Salary - ½ cost	\$15000
Secretarial - ½ cost	\$2500
Operating Costs	<u>\$15000</u>
	\$32500

Preston TAFE has undertaken to contribute 50% of salary and secretarial costs and provide space and facilities.

Total Cost - (Office of Co-operatives)	\$101000
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#### IMMEDIATE ACTION

7. IMPLEMENT PREVIOUS FUNDING COMMITMENT TO WORKER CO-OPERATIVE EDUCATION AND TRAINING DEVELOPMENT.
  - 7.1 Since 1981 there has been government support for the development of worker co-operatives in Victoria. Active support ceased in 1985.
  - 7.2 While the experimental programme cannot be classified as outstandingly successful many valuable lessons have been learnt and infrastructure developed to provide a sound basis for ongoing development. With an increasing interest developing in Government and the industrial community for greater democratisation in the work force, the surging development in the worker co-operative structure in New South Wales and overseas, it is considered the experience gained and the opportunity to benefit from this depends on ongoing development of worker co-operatives to avoid costs to date having to be duplicated at some near future date through present termination of the programme.
  - 7.3 The immediate concern is to maintain the impetus of education and training programs and develop a package to take advantage of the increasing opportunities to preserve jobs through the conversion of existing businesses to worker co-operatives.

#### REQUEST

- 7.4 That education, training and conversion packages for worker co-operatives be continued and expanded.

Refer Section 6.4 for costs.

## IMMEDIATE ACTION

8. IMPLEMENT PREVIOUS FUNDING COMMITMENT TO FOOD CO-OPERATIVE DEVELOPMENT.
- 8.1 Some funding from the Worker Co-operative Development Programme was allocated to the Victorian Food Co-operative Study Group established to make recommendations on improved community services through a co-ordination and development programme for the 50 or so formal and informal food buying groups operating on co-operatives lines.
- 8.2 In 1984, \$69,000, and in 1985, \$73,000, was allocated to this project.
- 8.3 On Page 9 of the statement "Social Justice, the next four years", issued prior to the 1985 election, the Premier made this commitment:
- 8.4 "We will set up a co-operative warehouse and development centre .... It will provide practical training in financial management, buying and marketing. The centre's warehouse will be able to bulk buy on behalf of all participating Co-operatives ...."

## REQUEST

- 8.5 The Office of Co-operatives should be given responsibility to auspice the Premier's commitment with funding allocations from the Anti-Poverty Program.

## COSTS

- 8.6 Estimates in 1985 figures were:

To development centre )		\$122,000
To food warehouse )	1987-88	<u>\$140,000</u>
		\$262,000

These figures will need  
updating through a new  
business plan

To updated business plan	\$5,000
TOTAL	<u>\$5,000</u>

**COSTS OF IMMEDIATE ACTION PROGRAMME**

1.	Establish Ministerial Portfolio of Co-operatives	-
2.	Office of Co-operatives	
	Research and Development Section	
	Staffing : 5 positions (including on-costs)	\$250,000
3.	Victorian Co-operatives Council	
	Establishment and Operating Expenses	\$75,000
4.	New Co-operatives Legislation	
	Drafting Committee	-
5.	Remove discriminatory barriers	-
6.*	Common Equity Rental Co-operatives	
	Land Tax, Stamp Duty, Gift Duty exemptions (1987-8)	-
7.	Co-operative Education and Training	
	Ongoing Development	\$101,000
8.*	Food Co-operatives	
	Warehouse (Year 1) 1987-88	\$140,000*
	Development Centre	<u>\$122,000*</u>
	(*1985 figures need updating	<u>\$262,000</u>
	with new business plan)	
	Business Plan	\$5,000
		\$5,000
TOTAL COSTS		\$431,000

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\*6. This item represents a loss to revenue of \$95,000 in 1987-88.

\*8. Costs of \$262,000 should be met through the Anti-Poverty Program.



SHORT TERM ACTIONS: 1988-1991 - SUMMARY

1. Assist, where necessary, establishment of viable sector associations.  

MACC Report Recommendation 10
2. New co-operative legislation enacted.  

MACC Report Recommendation 24
3. Establish the Co-operative Education and Training Authority, with the objects of  

MACC Report Recommendation 43

  - (a) implementing formal programs of co-operative education and training, and
  - (b) introducing the teaching and practice of co-operation into the Victorian education system.
4. Establish the Food Co-operative Warehouse.  
MACC Report Recommendation 60
5. Establish a Worker Co-operative Development Agency.  

MACC Report Recommendation 58
6. Extension of Government Guarantees to cover loans raised by the Common Equity Housing Finance Co. Ltd. and continue Land Tax and Stamp and Gift Duty exemptions.  

MACC Report Recommendation 61

MACC Report Recommendation 62
7. Continue Office of Co-operatives  
Research and Development Section  
Staffing: 5 positions  

MACC Report Recommendation 15b

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The SHORT TERM Programme set out above is preliminary only at this time.

Further work will be undertaken by the Victorian Co-operatives Council to implement these recommendations.

SHORT TERM ACTION: 1988-89, 1989-90, 1990-91

1. ESTABLISH VIABLE SECTOR ASSOCIATIONS

1.1 The strength of co-operatives is members working together.

The strength of the movement is co-operatives working together in accordance with Co-operative Principle 6.

1.2 Some co-operative sectors in Victoria have established their own sector associations, for example

Victorian Credit Co-operative Association  
Co-operative Federation of Victoria  
Herd Improvement Co-operative Association

1.3 Other sectors including

Aboriginal  
Child care,  
Community Settlement,  
Food and  
Worker co-operatives

have not yet developed their resources to organise and fund such Associations. It is considered some assistance should be provided, in the form of seeding grants administered by the Victorian Co-operatives Council, to these and similar groups to form and develop their separate sector associations into viable service operations.

REQUEST

1.4 Funds to assist, where needed, the initial formation and operation of sector associations.

COSTS

1.5 Up to five separate sectors are in need of this type of assistance

Maximum cost per annum for five associations                      \$375,000

SHORT TERM ACTION: 1988-89, 1989-90, 1990-91.

2. NEW CO-OPERATIVE LEGISLATION ENACTED

- 2.1 The drafting committee established as an IMMEDIATE ACTION should have completed its task to enable a new Co-operatives Bill to be introduced in Parliament as soon as possible.

SHORT TERM ACTION: 1988-89, 1989-90, 1990-91.

3. ESTABLISH THE CO-OPERATIVE EDUCATION AND TRAINING AUTHORITY, WITH THE OBJECTS OF
  - (a) implementing formal programs of co-operative education and training, and
  - (b) introducing the teaching and practice of co-operation into the Victorian education system.
- 3.1 A plan for establishment of the Co-operative Education and Training Authority (CETA) will be facilitated by the Victorian Co-operatives Council.
- 3.2 The plan would include on-going development drawing on the initiatives already in place (see Immediate Action 6).

#### REQUEST

- 3.3 . Continuation of appointment for co-operative education and training officer at Preston TAFE.
- . Resources for co-operative curriculum development for both schools and tertiary institutions.
- . Resources for sector-based education and training committees.
- . Resources to be delivered via the Office of Co-operatives.

#### COSTS

##### 3.4.1 Year 1988-89

Maintain Preston TAFE appointment  
estimate \$50,000.

TAFE contributes 40%.

Office of Co-operatives

\$30,000

Curriculum Development	
Schools	\$50,000
Tertiary Institutions	\$50,000
Worker Co-operative Education and Training continues	\$40,000
	<hr/>
TOTAL COSTS	\$170,000

3.4.2 Year 1989-90

Establish Co-operative Education and Training Authority (CETA) (includes Preston TAFE appointment)	\$100,000
Sector-based Education and Training Committees	\$180,000
Curriculum Development, as per year 1988-89	\$100,000
	<hr/>
TOTAL COSTS	\$380,000

3.4.3 Year 1990-91

Continue CETA funding as for previous year	\$100,000
Continue Education and Training Committees funding	\$180,000
	<hr/>
TOTAL COSTS (x C.P.I.)	\$280,000
	<hr/>
TOTAL COSTS years 1988-1991, say	<u>\$830,000</u>

- 3.5 Education and Training Cost to Government beyond 1991 will substantially reduce following the development and introduction of a fee for service principle.

SHORT TERM ACTION: 1988-89, 1989-90

4. ESTABLISH THE FOOD CO-OPERATIVE WAREHOUSE

4.1 Funding for the Food Co-operative Warehouse was addressed as IMMEDIATE ACTION 7. The figure projected was \$287,000 over three years.

REQUEST

4.2 Assuming the project was developed and the 1987-88 payment made, a balance of \$147000 would be payable over years 1988-89 and 1989-90.

COSTS

4.3	To Year 1988-89 payment	\$70,000
	Year 1989-90 payment	\$77,000

Total Costs 1988-90	\$147,000
---------------------	-----------

4.4 These costs should be met from the Anti-Poverty Strategy, as should future funding of the Food Co-operative Development Centre.

SHORT TERM ACTION: 1988-1990

5. ESTABLISH A WORKER CO-OPERATIVE DEVELOPMENT AGENCY

- 5.1 The aim is to establish a Worker Co-operative Development Agency specifically targetted at the conversion of existing businesses to worker co-operatives.
- 5.2 Such an Agency should be based on the successful Worker Co-operative Development Agency in New South Wales and would use the education and training conversion package developed at IMMEDIATE ACTION 6.3.2, costed at 6.4.2.
- 5.3 In NSW, loan funds exceeding \$1 million are available on an annual basis to fund co-operative conversions.

REQUEST

- 5.3 That a Worker Co-operative Development Agency be established, and funded by the Office of Co-operatives.

COSTS

- 5.4 To establish a Worker Co-operative Development Agency, and to meet staffing and operating costs.

Year 1988-89	\$200,000
Year 1989-1990	\$250,000
Total Costs 1988-1990	\$450,000

SHORT TERM ACTION: 1988-1991

6. EXTENSION OF GOVERNMENT GUARANTEES TO COVER LOANS RAISED BY THE COMMON EQUITY HOUSING FINANCE CO. LTD. AND REMOVAL OF LAND TAX, GIFT AND STAMP DUTY.
- 6.1 The common equity rental co-operative programme was launched in May 1986 by agreement between the Minister for Housing and the Sub Committee which undertook the study and pilot programme.
- 6.2 The Sub Committee has launched a public unlisted Company, the Common Equity Housing Finance Co. Ltd whose role will be to raise private sector finance, to be added to the \$2.2 million of Federal Government funds and on lend to selected co-operatives in the form of low start indexed loans.
- 6.3 The Minister for Housing has supported the Sub Committee's request to the Treasurer.

REQUEST

- 6.4 As the finance company is now in operation the Treasurer be urged to expedite decision on this application for extension of guarantees and continue land tax, gift and stamp duty exemptions proposed at IMMEDIATE ACTIONS 5.2 (d) and (e).

COST

- 6.5 Provision of Government Guarantees will be a contingent liability rather than a direct cost.

Removal of tax and duty imposts will be a loss to revenue.

Nil direct costs are envisaged.



COSTS OF SHORT TERM ACTION PROGRAMME YEARS 1988-91.

(\*Items are considered are estimates and are indicative only at this time)

- |     |   |                      |
|-----|---|----------------------|
| 1.  | Assist establishment of viable<br>sector associations                                       | \$1,125,000          |
| 2.  | New Co-operative legislation  | -                    |
| 3.  | Establish the Co-operative Education<br>and Training Authority                              |                      |
|     | Year 1988-89  | \$130,000            |
|     | Year 1989-90  | \$380,000            |
|     | Year 1990-91  | \$280,000 (x C.P.I.) |
|     |   | \$820,000            |
| 4.* | Establish the Food Co-operative<br>Warehouse (\$140,000 taken up in<br>IMMEDIATE ACTIONS)   |                      |
|     | Year 1988-89  | \$70,000             |
|     | Year 1989-90  | \$77,000             |
|     |   | <hr/>                |
|     |   | <u>\$147,000</u>     |
|     |   | -                    |
| 5.  | Establish a Worker Co-operative<br>Development Agency                                       |                      |
|     | Year 1988-89  | \$200,000            |
|     | Year 1989-90  | \$250,000            |
|     |   | \$450,000            |
| 6.* | Extension of Government guarantees<br>to the Common Equity Housing<br>Finance Co. Ltd.      |                      |
|     | Contingent liability, NIL costs   | -                    |
|     | Continue Land Tax, Gift and Stamp Duty<br>exemptions for Common Equity Rental co-operatives |                      |

7. Continued staffing costs of Research  
and Development Section, Office of Co-operatives.  
Five positions @ \$250,000 per year for  
3 years including on-costs \$750,000
- TOTAL COSTS \$3,145,000
- 

- \*4. Costs of \$147,000 should come from the Anti-Poverty Strategy.
- \*6. Costs of Land Tax, Gift and Stamp Duty exemptions are a loss to revenue.

APPENDIX 1

		1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21
		GENERAL SUPPORT	SUPPORT GOVT ROLE	NEW LEGIS CO-OP PRINCS	SUPPORT SIMPLE ENGLISH STRUCTURE	SUPPORT "CO-OP" DEFINITION	VCC NEEDED	SUPPORT SECTOR STRUCTURE	SEED GRANT SUPPORT	SEED LOAN SUPPORT	W'SALE FINANCE FACILITY	GOVT G'TEE XTNSION	CREDIT CO-OPS AS MAJOR FINANCIER	SEPARATE CREDIT CO-OP ACT	SUPPORT COMMON BOND RETENTION	EDUC & TRAINING SUPPORT	SECTOR BASED RESOURCES SUPPORT	NEED PROMOTION/ PUBLICITY	TRADE UNION DIALOGUE	NEED GREATER FLEXI- BILITY	CONTROL RESIDUAL ASSETS	SUPPORT FOOD WAREHOUSE RESOURCE CENTRE
REF NO.	RESIDENT	YES/NO	YES/NO	YES/NO	YES/NO	YES/NO	YES/NO	YES/NO	YES/NO	YES/NO	YES/NO	YES/NO	YES/NO	YES/NO	YES/NO	YES/NO	YES/NO	YES/NO	YES/NO	YES/NO	YES/NO	YES/NO
	CO-OPERATIVES																					
21	Angl. Cr. Un. Co-op Ltd	Y		Y							Y			N	Y							
15	Bull. Educ. Centre Ltd	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y		Y	Y	Y	Y	Y		Y	Y
107	Bull. Con. FM 3688 Ltd	Y	Y	Y	Y											Y						
55	Bendigo Trd. Co-op Ltd	Y	Y	Y	Y	Y	Y	Y	Y		Y	Y	Y			Y				Y		Y
24	C.U. Aus. Co-op Ltd Old	-																				
74	Band. Cr. Un. Co-op Ltd	-		N				N					Y	Y	Y							
69	Dia. Vail. buying Group	Y	Y	Y	Y	Y	Y	Y	Y							Y						Y
44	Down to Earth Ltd	Y	Y	Y	Y	Y	Y	Y												Y		
70	East. Reg. Food Co-op	Y	Y	Y	Y	Y	Y	Y									Y					Y
79	Fr. of the est. Co-op Col.	Y	Y														Y					Y
16	Gas Con. Cr. Co-op Ltd	Y												N								
56	Grat. Wholes. Co-op Ltd	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y					Y	Y	Y				Y
17	Hume Per. Build. Society	Y		Y												Y		Y				
95	Inn. Un. Co-op Ltd	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y					Y	Y		Y			
20	Kurri Kurri Co-op Ltd		N																			
57	Lalor Food Co-operative	Y	Y	Y	Y	Y	Y	Y	Y			Y					Y			Y		Y
71	Moving Food Co-op Ltd	Y	Y	Y	Y	Y	Y	Y	Y			Y				Y	Y					Y
59	Org. Fr. and Veg. Co-op	Y	Y	Y	Y	Y		Y	Y			Y	Y				Y					Y
47	Permacraft Ltd	Y	Y	Y	Y		Y	Y									Y			Y		
48	Salsil (Fty) Ltd	-																				
22	StC Credit Co-op Ltd		N						N					N								
77	Sunrise Farm Food Co-op		N	N																		
40	The NE Comp. Soc. Ltd	Y			Y						Y				N					Y		
73	The Pho. Co-op Com. Aus.		N				N															
67	VPSA Co-operative Ltd.	Y		Y	Y	Y			N				Y		N	Y	Y					
6	Waverley Grd. Union Ltd	Y	Y	Y		Y									Y							
36	Wt & Br Co-op Pro. Ass.	Y	Y	Y	Y	Y	Y	Y														
90	Art. & Res. Cent. Co-op	-																			Y	
85	Reg Jns Vic in Nu Co-op	Y	Y	Y	Y	Y	Y	Y	Y	Y						Y				Y		
120	Seamsground Co-op Ltd	Y	Y	Y	Y	Y										Y						
117	Warr. Comm. Co-op Ltd	Y					Y				Y							Y	Y			
	CO-OP ORGANISATIONS																					
62	Internat. Co-op Affia.	Y	Y	Y	Y	Y	Y	Y	Y	Y		Y				Y	Y	Y				
76	WCA	-																				
112	Asiat. Ass. of Co-ops Ltd	-																				
91	Co-op. Serv. Assoc. Vict.	Y	Y	Y	Y	Y	Y	Y								Y	Y	Y		Y		
	INDIVIDUAL CO-OPERATORS																					
23	Chen. Bldg. M. Co-op	Y		Y												Y				Y		
94	Chen. Bldg. M. Co-op	Y																				Y
114	Chen. Bldg. M. Co-op	-																				
	COMMUNITY GROUPS																					
105	Angl. Green. Vill. Soc.	-																				
94	Angl. Green. Vill. Soc.	-																				
94	Angl. Green. Vill. Soc.	Y	Y	Y	Y	Y	Y									Y						
94	Angl. Green. Vill. Soc.	-																				
94	Angl. Green. Vill. Soc.	Y	Y	Y	Y	Y	Y											Y				

"THE CO-OPERATIVE WAY" RESPONSE CHART

\* FOR ADDITIONAL RESPONSE ITEMS, SEE NUMBERED RESPONSE NARRATIVE WHICH FOLLOWS

		1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21
		GENERAL SUPPORT	SUPPORT GOVT ROLE	NEW LEGIS CO-OP PRINC	SUPPORT SIMPLE ENGLISH STRUCTURE	SUPPORT "CO-OP" DEFINITION	VOC NEEDED	SUPPORT SECTOR STRUCTURE	SEED GRANT SUPPORT	SEED LOAN SUPPORT	W'SALE FINANCE FACILITY	GOVT G'TEE XTENSION	CREDIT CO-OPS AS MAJOR FINANCIER	SEPARATE CREDIT CO-OP ACT	SUPPORT COMMON BOND RETENTION	EDUC & TRAINING SUPPORT	SECTOR BASED RESOURCES SUPPORT	NEED PROMOTION/ PUBLICITY	TRADE UNION DIALOGUE	NEED GREATER FLEXI- BILITY	CONTROL RESIDUAL ASSETS	SUPPORT FOOD WAREHOUSE RESOURCE CENTRE
REF NO.	RESPONDENT	YES/NO	YES/NO	YES/NO	YES/NO	YES/NO	YES/NO	YES/NO	YES/NO	YES/NO	YES/NO	YES/NO	YES/NO	YES/NO	YES/NO	YES/NO	YES/NO	YES/NO	YES/NO	YES/NO	YES/NO	YES/NO
52	Matt Com Gov of Vic Inc	Y						N		N												
62	Migr. Res. Cent. Prahan	-																				
42	Beer - Out Inn Ctns Club	Y																				
110	Mig Res Cen (wra & Dist	Y	Y	Y		Y	Y	Y														
GOVT/BUREAU/POLIT/LEGAL																						
5	Adv Comm Ec & Em Un MCC	Y	Y	Y			Y	Y			Y	Y	Y		Y	Y	Y		Y			
12	Michael Arnold MLC	Y	Y																			
13	Austr Ins of Fam Studies	Y	Y	Y	Y	Y	Y	Y														
26	Alan Brown, MLA	-																				
1	Bun Ins of Adv Edu WA	Y																				
68	Byrne, Jones and Torney	-				N																
4	Gen for Mi Int St Mon Un	-																				
29	R A Caldwell Dep Arch.	Y														Y						
100	Community Services, Vic	Y																				
97	Country Fire Authority	Y																				
83	Dep of Imm & Eth Aff.	-																				
7	Cred Co-ops Res Board		N	N					N					Y								
72	Department of Agr SA	Y																				
3	Dep of Ind Tdc & Res		N	N																		
60	I.L.O.	Y		Y												Y						
9	Ins for Imm & Eth Stu.	-																				
2	Mini Agr & Rur Aff Vic	-																				
8	Min Ad Com Mut Mig Edu	Y														Y		Y				
98	Ministry of Cons. Affrs	Y																				
45	Michael Salvemles Cons.	-																				
75	Jana Stanley NT Hou Com	Y		Y	Y	Y																
10	Small Bus. Level. Corp.	-																				
19	The Ombudsman Victoria	-																				
49	Vic Curr & Asses. Board	-																				
11	Vic. Trades Hall Cou.	-																	Y			
61	Western Region Comals.	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y			Y	Y	Y	Y			Y	
63	Factory for M & Env Vic	Y	Y																			
65	Department of Labour	-																				
111	Dep of Prem. & Cabinet	Y	Y	Y	Y	Y	Y	Y														Y
68	Vic. Eth. Aff. Comm.	Y																				
113	Robert Pascoe F.I.T.	Y	Y	Y		Y	Y	Y														
115	Patrick C. Wade	-														Y						
116	Shrine Sec. Sch of Hamp.	-																				
119	Automod Revet. Corp.	Y																				
INDIVIDUALS																						
108	Alwyn Best in Pub	-																				
14	David Curran	Y																				
35	John Charles	Y		N						N	N					Y	Y	Y				
16	John W Donovan	Y																				
50	Ms Fitzgerald Desn Ho	Y		Y													Y	Y	Y	Y		
16	David W. H. H.	-																	Y			



## CO-OPERATIVE SECTOR, VICTORIA

Summary of Financial Statistics as at 30 June 1984

Number of Societies/ Organisations	Type	Membership	Total Assets	Liabilities		
				Members Funds	External	Total
	<u>General Co-operatives</u> (1) see note					
67	Producer	30,993	10,826,354	5,633,337	5,193,017	10,826,354
104	Trading	95,009	20,790,539	8,725,669	12,064,270	20,790,539
24	Community Settlement	465	3,942,145	2,014,726	1,927,419	3,942,145
1035	Community Advancement	102,852	39,940,524	15,901,188	24,039,336	39,940,524
5	Associations (2)	163	105,469,882	3,440,980	102,028,902	105,469,882
1	Federation	53	32,970	26,693	6,277	32,970
			181,002,414	35,742,593	145,259,821	181,002,414
204	<u>Credit Co-operatives</u>	427,143	1,025,982,839	29,326,889	996,655,950	1,025,982,839
1488	<u>Co-operative Housing Societies</u>	1984 Not available (1983) 43,393	472,140,000	12,599,000	459,541,000	472,140,000
16	<u>Co-operative Companies</u>	115,620	572,777,938	Break-up not available		572,777,938
29	<u>Industrial &amp; Provident Societies</u>	Not available	13,068,010	Break-up not available		13,068,010
		815,691	\$2.265 Billion			\$2.265 Billion

(1) For this financial year an average of 75% of annual returns only were submitted for General Co-operatives (excluding the 5 Associations and the Federation)

(2) Includes 2 Credit Associations.